

October 10, 2001

The Honorable William M. Thomas
The Honorable Charles B. Rangel
House Ways and Means Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Sirs:

I would like to submit the following “Additional Views” to accompany the Committee Report for H.R. 3009, the “Andean Trade Promotion and Drug Eradication Act.”

As a co-chair of the African Trade and Investment Caucus, and as an ardent supporter of the African Growth and Opportunity Act (AGOA), which was signed into law just over a year ago, I was very pleased to see the Committee take action to address some of the concerns raised regarding the implementation of AGOA.

The new provisions reported from the Committee would clarify and narrowly expand the trade opportunities for sub-Saharan Africa countries under AGOA, and are designed to encourage more investment in the region, particularly in the apparel sector. I along with Representatives Rangel, Royce, Crane, Payne, and McDermott, were in the process of developing AGOA II legislation to address these and other issues.

AGOA is the most significant U.S. policy statement to date on the U.S. commitment to assist the countries of sub-Saharan Africa (SSA) with their efforts to stimulate economic growth and development in the region. The bill was many years in the making, and enjoyed broad, bi-partisan support.

Increased international trade and investment is a key component leading to economic development and growth in sub-Saharan Africa. Economic growth is an integral element of any sub-Saharan strategy to overcome the many and severe social, health, political, environmental and other challenges. I have recently returned from a trip to the region and was pleased to find AGOA has demonstrated initial success in promoting greater commercial activity between the United States and sub-Saharan Africa. According to the Office of the United States Trade Representative, AGOA has resulted in nearly \$4 billion dollars in expanded trade and investment in the region and has spurred and bolstered economic reform in several African countries.

Now that the bill is law, the U.S. must ensure that the objective of stimulating regional economic development and growth is achieved. The African Trade and Investment Caucus (ATIC) has been following closely the Administration's efforts to implement this bill as well as the efforts of sub-Saharan countries to comply with the bill's eligibility criteria. Two major issues have come to our attention. First, sub-Saharan beneficiary countries need additional assistance from the United States to meet the stringent customs and visa requirements in the legislation. Currently, only a handful of SSA countries designated as beneficiaries have been certified as eligible to ship apparel products since the effective date of October 1, 2000. Many of the countries are willing to upgrade their customs systems to comply with the law; however they need additional technical assistance from the United States to undertake this important task.

Second, we need to ensure that the authorized resources under the bill are available to assist U.S. companies and African companies in realizing the opportunities created by AGOA. Many U.S. and African companies are unaware that AGOA provides preferential treatment to many non-apparel items.

To make this information known and to spur participation of U.S. and African businesses in the AGOA program full support for AGOA-related programs is needed. The first step is ensuring that each agency with responsibility for AGOA has adequate personnel to carry out its duties. This is a priority for the Office of African Affairs at the Office of the U.S. Trade Representative in particular. Second, it is important for the Administration to make available the resources to provide technical assistance for AGOA-related programs.

In Committee, I offered an amendment that would have established a technical assistance fund designed to improve the trade capacity of sub-Saharan countries that would have ensured funding for the technical assistance authorized in Section 122 (b) of AGOA to promote economic reforms and development in sub-Saharan Africa. Building trade capacity is essential for sub-Saharan countries to fully utilize the benefits provided under AGOA. While the amendment was not in order, I appreciated the commitments given by yourselves and Ambassador Zoellick to continue to work on ensuring resources to:

- improve the trade capacity of sub-Saharan countries;
- improve the ability of sub-Saharan countries to comply with the eligibility requirements of AGOA;
- ensure proper implementation of AGOA provisions in beneficiary countries;
- promote economic reform; and
- improve capacity of WTO member-countries from the sub-Saharan region to implement and negotiate WTO agreements.

Without the appropriate resources, AGOA will fail to achieve its important goals; and the United States will have reneged on its commitment to the poorest region of the world.

To sum, I appreciate your continued commitment to ensuring AGOA's success and I look forward to working with you on this issue in the near future.

Sincerely,

William J. Jefferson
Member of Congress.

The Hon. Sander M. Levin
Ranking Member, Ways and Means Trade Subcommittee
Dissenting Views on H.R. 3009
Andean Trade Promotion and Drug Eradication Act

It is with great regret that we oppose H.R. 3009, the Andean Trade Promotion and Drug Eradication Act.

We believe that in the long term, an indispensable way we can assist the Andean region and help combat the scourge of illegal drugs is by promoting economic development and growth in these countries. As observed when we discussed benefits to the Caribbean countries and the African countries, the path and strategies that have proven the most successful are those that provide a framework to ensure that development benefits the greatest number of people in the entire hemispheric region.

Assisting economic development abroad must take into full account the needs of, and outcomes for, workers and businesses in the United States. In crafting unilateral preference programs like the existing Andean Trade Preferences Act (ATPA), and the Africa and Caribbean programs, Congress has sought to match the strengths of businesses and workers in the United States with the strengths of businesses and workers in the region.

And that is the approach we had hoped to take with respect to enhancement of the ATPA program. In fact, that is the direction in which we had been headed. For the last several months, the majority and the minority staff have been working on an ATPA renewal and expansion bill that would have expanded the trade benefits under the ATPA in a manner that would ensure benefits to the greatest number of people in the region and the United States, and that would have created the broadest coalition of support in the Congress.

The majority chose to abruptly end those discussions, however. Without any prior notice or consultation, the Chairman of the Trade Subcommittee introduced H.R. 3009, and Chairman Thomas scheduled a markup for about 36 hours later. The bill that they introduced does reflect several items from our discussions. But, the bill's approach to many key issues is not satisfactory. The bill does not effectively build upon the complementarities between the U.S. and Andean textile and apparel industries, rather, it would make them competitors on unequal terms.

Additionally, by bringing this bill up without any notice, Congress and the groups affected have been denied the opportunity to take one last look at other key concerns, the most serious of which is the very real issue of labor rights abuses in the Andean countries, particularly the murder with impunity of labor leaders in Colombia. The bill reported by the Committee does require the Administration to evaluate the extent to which each Andean country adheres to core workers rights in making the determination as to which countries are eligible for enhanced benefits. However, this Administration has not rigorously applied this eligibility criteria in the past. We

need a clear understanding that it will do so in this case, with particular attention paid to the situation in Colombia.

There are other important issues that were left unresolved because of the haste with which the Majority chose to bring this legislation to Committee. These include issues related to treatment of U.S. companies, such as Nortel, in Colombia, and the continued denial of non-discriminatory market access to U.S. goods in Andean markets.

We want to be clear. We are not opposing this bill only because of the fundamental process flaws that preceded this mark-up. Those flaws are troubling. But, those flaws also led to a bill that is flawed on policy. This situation is deeply regrettable, because we think with more time an agreement that advanced everyone's interests could have been achieved. We actively favor that result.